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CITY OF BLUE LAKE

CALIFORNIA

111 Greenwood Road

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Blue Lake, CA 95525

Blue Lake City Council Minutes

Tuesday, April 26, 2022 ~ 6:30 p.m. ~Regular Council Meeting

Skinner Store Building-111 Greenwood Road, Blue Lake-Behind City Hall

Zoom Option: The Public May Participate in Person, or Via Zoom at the Link Below:

Join Zoom Meeting

<https://us02web.zoom.us/j/81865803046?pwd=dDBNTkVoVmRyd2J3ZlpHRWZzT0lLUT09>

Meeting ID: 818 6580 3046

Passcode: 033968 Dial by your location: +1 408 638 0968 US (San Jose)

Unless Otherwise Noted, All Items on the Agenda are Subject to Action.

Meeting Called to Order at 6:33 PM

1. Pledge of Allegiance and Establish a Quorum of the Council

Council Members Present:

Adelene Jones, Mayor

Chris Curran

Elaine Hogan, Mayor Pro Tem

Benjamin McCreath

Alice Finen (Via Zoom)

Staff Present:

Amanda Mager, City Manager/City Clerk

Emily Wood, Economic Development Planner

Trevor Pumnea, Parks and Recreation Director

Russell Gans, City Attorney

Public Present:

Melissa Combs

Lin Glen

David Glen

Ray

Chris Dart

Phil Nava

McKenzie Dibble

Scott

Valerie Allen
Ashley
Mardi Grainger
Jeff Byrd
Den Whitcomb
Spain Parents
Mike Foget
Elise Scafani
David Ponte
Lori Ponte
Mr. Carlson
Candy Weisse
Jenn Soderfelt
Julie Christie
Lisa Hoover
Diana
Sue Asuzman
Darcey Lima
Marvin Samuels
Ted Hales
Jeff Landen

2. Approve Agenda

Motion: To Approve the Agenda as presented

Motion by: Councilmember Curran, **Second:** Councilmember McCreath

There were no comments from the Council or public.

Vote: Ayes: Jones, Hogan, Curran, McCreath **Nays:** None **Absent:** None

Motion Summary: Motion Passed

3. **Public Comment** – *The Public is invited to present petitions, make announcements, or provide other information to the City Council that is relevant to the scope of authority of the City of Blue Lake that is not on the Agenda. The Council may provide up to 15 minutes for this public input session. To assure that each individual presentation is heard, the Council may uniformly impose time limitations of 3 minutes to each individual presentation. The public will be given the opportunity to address items that are on the agenda at the time the Council takes up each specific agenda item.*

Public (Name not provided): Would like to know when the City’s Water Deposit Policy would be brought back to Council for review and consideration? City Manager Mager explained that the policy would be addressed during the budget planning process as changes will affect fund balances and fiscal processes. The issue will be addressed and noticed utilizing the City’s standard notification process, including postings in the community and via the City’s website.

4. **Review and Consider Approval of Disposition and Development Agreement with DANCO Communities, a California corporation**

Property: Assessor's Parcel Numbers 312-161-018 and 312-161-015 (Taylor Way)
Parties to Agreement: City of Blue Lake (Property Owner/Ground Lessor); DANCO Communities, a California corporation (Ground Lessee/Developer)-Discussion/Action

City Manager Mager introduced the item and provided an overview of the agreement and the timeframe associated with the review and consideration process. Manager Mager proposed reviewing the agreement with Council and allowing the City Attorney and representatives from DANCO to answer questions. Manager Mager recommended bringing back a final version of the agreement for the Council's consideration at the next available meeting. This agreement allows DANCO to conduct special studies, complete architectural designs, explore infrastructure requirements, conduct community scoping and pursue funding opportunities. If passed, this agreement would also give DANCO a better opportunity to work with retail and commercial tenants along Taylor Way.

McKenzie Dibble, Development Project Manager, will be presenting the DANCO DDA Presentation. Chris Dart, President of DANCO Communities is also present during the presentation.

Presentation: McKenzie Dibble (DANCO Communities Representative) made a presentation on the project proposal, including information on the project scope, type and similar projects undertaken and operated by DANCO Communities.

Council: No questions

Public Comment:

Wayne Carlson – Expressed concern about flooding, impacts to law enforcement, drugs and garbage found on the river bar. Who will pay for sewer upgrades?.

Manager Mager – Clarified that the project is not located in the flood plain and any project will be required to invest in wastewater improvements.

Mayor Jones – The City is mandated by the State to provide opportunities for housing development.

Chris Dart – Applicants can qualify for tenancy based upon a range of income levels. The property will have an on-site manager and background and credit checks are required to qualify. There are very few problems with affordable housing units as the tenants do not want to lose the opportunity to reside there. There are more issues with market rate units than the affordable housing projects.

Julie Christie: Requests an additional community meeting before the Council considers the DDA; she says her family and friends have not been satisfied with renting from DANCO and thinks the City should be cautious about losing open land.

Lisa Hoover: Has questions about the number of units; staff at HCAOG told her that there are ways around the State mandate for RHNA. Hoover said the Housing Element is not mandating the City to provide more units, but is merely asking the City to consider adding more units. Hoover stated that the HCAOG staff told her that the City only had to provide 34 units.. Hoover would like to know if other sites have been identified in the Housing Element for potential development. Hoover would like to know

if CEQA would be covered by DANCO. Hoover thinks it's ironic grant money is going towards creek restoration when there is housing development going in Powers Creek.

Mager – Our City Planner has gone over the issue of the RHNA allocation (Regional Housing Needs Assessment) with Ms. Hoover numerous times. We have explained at length that the RHNA is not a stagnant allocation. Developments needs to be economically feasible; if the City accommodates the minimum number of units – development does not necessarily stop there. The City has to plan for the future growth of the City and has available space zoned for housing to do so. The State mandates that the City adequately zone to meet current and future RHNA cycles.

Jeff Byrd – What is the timeline for the State taking over if housing mandates are not followed?

Mager – The laws are in effect now and the City is mandated to move forward in good faith to develop housing. SB-35 allows the State to step in and approve projects if they find that the City is not in compliance, or is presenting obstacles for development.

Elise Scafani – Requests that a community forum be devoted specifically to address this development; feels that the public has not been given a chance in the last year to have public comment on this development.

Manager Mager– The City does not know yet what direction we will go with this development. Ultimately, the City owns the property and can ask for more than what the developer is proposing.

City Attorney Russ Gans– Regarding the Development Agreement and Ground Lease – it's crucial that DANCO gains real interest and contractual rights to the property to begin conducting surveys and research on the property. Once DANCO has the Development Agreement, they can begin the design process, which includes community input via the permitting process.

Lin Glen – This property is one of the only properties the City has that can create revenue. Would like to ask the Council to review the revenue potential of this development in an economic analysis. Would like to know what happens if the Council does not like the design – does the Council have the opportunity to reject the blueprints? Has the City talked with neighboring Cities about their experience working with DANCO?

David Ponte – It seems there is better opportunity to develop the historical Downtown as opposed to developing the Powers Creek area.

Mager – The City has been working on developing the Historical Downtown; including loaning and granting money to small businesses and improving sidewalk infrastructure, establishing a partnership with Humboldt Made, creating a foodtruck corner at Dell'Arte, among other improvements. The City is working simultaneously on both the historic downtown and the Powers Creek District.

Lori Ponte – This process should be slower and community members should be eased into this process; many community members have lived in Blue Lake a long time – and would like more opportunity to be involved. DANCO is not a good fit for this community and it feels like this project is being shoved down people's throats.

Sue Asuzman – Appreciates that this project will bring the City revenue; thinks the public should be more informed. The Public needs to take more responsibility to be informed as well. Would like to see a

greater amount of recreational opportunities near the river, such as guided bird and plant walks. Expressed concern that past volunteers that assisted with Powers Creek work were not trained in pruning and removal and although the pruning looks nice it eliminates the sound/creek buffer the plants provide and is not good for our ecosystem's health. Concerned that the lack of shade near the river due to plant removal is not as comfortable for Blue Lake's senior population, who cannot regulate their body temperature as well.

Elise Scafani – DANCO has been working on this for the last year; she has a dozen questions for DANCO and the City. Questions such as: Who makes the money? Where does the money come from? What is the cost benefit of this project? Would like a community forum on this topic where she can ask questions before the agreement is finalized. States the council is accountable to the public and the City Staff is accountable to the Council. Would like to have a meeting before the City signs the final DDA.

Lisa Hoover: This is an important topic and we would like to have forums – feels it's a respectful thing for elected officials to do.

Lin Glen – Asks again, will there be an economic analysis done before the Council signs the final DDA? Has the Council talked with other cities about their experiences with DANCO?

City Manager Mager – The City has done their due diligence and conducted background research for this project, including consulting other cities about their experience with DANCO. Certain City Staff have worked in collaboration with DANCO on projects in other cities. There is a lot that goes into these developments – many are net zero and LEED certified; they have superior amenities that are beneficial to the residents and the community. DANCO developments have helped Arcata attract small businesses and the City of Blue Lake expects to do the same.

Diana Lynn – Will we pay property taxes for this development? Can you give the public a sense of what this development will accomplish?

City Manager Mager – The City is at a very marginal point economically. Lease payments are not being made from the Power Plant and the City is at a critical break even point. There is not a 'hard and fast' number; the City is interested in long term viability to keep the community, our trails, and facilities maintained. The City has struggled to capture revenue generated from people visiting and recreating in our community; creating additional retail opportunities, along with the addition of housing will allow the City to generate additional revenue streams.

Diana Lynn– Can you break down the taxes?

City Manager Mager: The General Fund is comprised mostly of property and motor vehicle taxes. The parks are not financially self sustaining and the City receives very little funding for street maintenance and repair.

Ted Hales– Would like the City to host a comprehensive briefing with “questions that need to be answered”. Feels it would be a great way for the community to get involved.

City Attorney Russ Gans: The steps DANCO must go through after signing the DDA:

1. Design project
2. Submit documentation to City, like all building projects

3. Go through permitting process (where public can participate and address concerns)

Councilmember Finen – Appreciates Council hearing the public's concerns on this project and feels a public, weekend briefing would be useful to address public concerns.

Chris Dart – Plaza Point units are rented to commercial tenants. The City of Arcata collects retail sales tax from the commercial tenants. DANCO is looking to help communities and have plenty of projects to develop. Dart feels he's been working on this project for a very long time and other communities move at a faster pace. DANCO is fine having another meeting although needs to know what the questions will be beforehand – requests structure to the meeting. This project will cost DANCO a lot of money, time, and energy to invest and wants comfort that the City supports this development.

Motion: To hold a special meeting on May 10th, 2022 at 6:30PM to receive the final DDA draft. City of Blue Lake to hold a community meeting on May 15th, 2022 from 2-4PM answering questions submitted to the City's website and Economic Development Planner, Emily Wood Council to make the final decision on May 24th on the DDA Document.

Motion by: Councilmember McCreath, **Second:** Councilmember Finen

Council Comment:

Councilmember McCreath: Asks if the property is or is not located in a flood plain, stated on page 25-section D of the DANCO DDA.

City Manager Mager: Is not sure what this is referencing but will bring back an answer.

Councilmember McCreath: If we do sign the DDA- does the DDA go to the Planning Commission and other entities or does the DDA come back to Council first.

City Attorney Gans – Assuming we do return to a public forum in future meetings; we can give a synopsis of the permitting process and how the public can participate in that process. States that the City Planner can give a better explanation of the permitting process. Once the DDA is signed – we expect DANCO to submit initial permits to the City of Blue Lake. DANCO is being generous by allotting 20,000 sq feet of retail space to this development.

Councilmember Hogan: Would like the community forum to not just be specific to the DDA. Would like questions to be grouped by category and answered in a FAQ Page. Would like the City Planner, City Manager, Chris Dart (DANCO), and Attorney be present.

Vote: Ayes: Finen, Jones, McCreath, Hogan, Curran **Nays:** None **Absent:** None

Motion Summary: Motion Passed

5. Water and Wastewater Rate Study Presentation-Discussion/Action

Bridget Harris from Rural Community Assistance Corporation (RCAC) presents on Water and Wastewater Rates and provides studies that look at the City's capacity and ability to continue a sustainable future.

Looks at sustainability, legality and ability to justify rates and fees; the City has a rate structure that

RCAC is recommending be changed; the proposed structure will simplify pricing structures, reduce fees and remove pricing tiers. This change will ensure that the City provides a legal and justifiable fee structure.

Wastewater Draft Recommendations:

- Uniform Rate
- Remove the Capital Reserve Fee
- ~\$52 per EDU (equivalent dwelling unit) – about \$5/person for the first year and 2.5% for the years thereafter
- 2.5% annual increase

Over the next five years, RCAC recommends putting additional funds into the Capital Improvement Reserve for the future.

Prop 218: Anything that affects property is subject to public vote. Council will need to pass a motion to increase rates and parcel owners are given written notice within 45 days. Parcel owners may submit written objection and vote on rate increases. The majority (50% + 1) of parcel owners must disapprove of the rate change for it not to pass.

Prop 218 Related Changes:

- No more tiers
- No more out of town rate

RCAC is evaluating the City's policies and is developing recommendations that make the most sense for the community and the City administration.

City Manager Mager: Water and wastewater rates are going up across all jurisdictions; with the rise in costs associated with operations, maintenance and system replacement, as well cost of living, rates are not keeping up. Water and wastewater operators are highly sought after the City has to be competitive with their wages in order to maintain staff. The City needs to invest in Public Works infrastructure as trucks and equipment are aging and in need of replacement. The City is looking to use reserve and grant money to fund these improvements.

6. Blue Lake Parks and Recreation Commissioner Applications-Discussion/Action

Motion: To appoint Molly Homen, Jeff Byrd, Jen Soderfelt, and Bettina Eipper to the Blue Lake Parks and Recreation Commission.

Motion by: Councilmember Hogan, **Second:** Councilmember Curran

There were no comments from the Council or public.

Vote: Ayes: McCreath, Finen, Curran, Hogan, Jones **Nays:** None **Absent:** None

Motion Summary: Motion Passed

7. Deed Restrictions for State Park Grant Funding - Action

Motion: To Authorize the City Manager to a execute the Deed Restrictions as provided by the State of California for the Park Per Capita grant and the Statewide Park Development and Community Revitalization Program.

Motion by: Councilmember McCreath, **Second:** Councilmember Curran

There were no comments from the Council or public.

Vote: Ayes: McCreath, Finen, Curran, Hogan, Jones **Nays:** None **Absent:** None

Motion Summary: Motion Passed

Powers Creek District Development Update-

City Manager Mager provided the following updates:

Storyland Update: Powers Creek District Economic Analysis/Branding-Over 65 People attended the meeting at the Grange on Saturday, April 23rd 2022 with Storyland Studios. The public was able to learn about the proposed RV Park & Campground and ask questions about the proposed development.

Bike Park-Status Update-The Bike Park has received over \$800 in donations in the past week to support the development of the Bike Park, including several thousands of dollars in material donations.

Corporation Yard Development-The City corporation yard is being advertised under the Surplus Lands Act; if the corporation yard is redeveloped the City has discussed options for relocating various aspects of the Public Works Department's operations. A majority of the operation can be absorbed at existing facilities, such as our Wastewater Plant and additional offices at City Hall.

8. City Manager Evaluation Ad Hoc Committee Designation - Action

Motion: To appoint Adelene Jones and Elaine Hogan to the City Manager Review Ad Hoc Committee

Motion by: Councilmember Curran, **Second:** Councilmember Finen

There were no comments from the Council or public.

Vote: Ayes: Jones, Hogan, Curran, McCreath, Finen **Nays:** None **Absent:** None

Motion Summary: Motion Passed

9. Authorize the City Manager to Request Remittance of the City's Property Taxes- Action

Motion: To Authorize the City Manager to request remittance of the City's Property Taxes

Motion by: Councilmember Finen, **Second:** Councilmember Hogan

There were no comments from the Council or public.

Vote: Ayes: Jones, Hogan, Curran, McCreath, Finen **Nays:** None **Absent:** None

Motion Summary: Motion Passed

10. Council Correspondence: No Council Correspondance.

11. Consent Agenda:

a. Warrants and Disbursements

Motion: To accept the Consent Agenda as Presented

Motion by: Mayor Pro-Tem Hogan; Second: Councilmember Curran

There were no comments from the Council or public.

Vote: Ayes: Jones, Hogan, Curran, McCreath, Finen **Nays:** None **Absent:** None

Motion Summary: Motion Passed

12. Reports of Council and Staff

Mayor Pro-Tem Hogan- Attended HWMA Meeting

Mayor Jones – Attended HCAOG Meeting; provided update on Last Chance Grade, Broadway safety project and temporary improvements. Attended the Blue Lake Economic Development Commission Meeting. Attended the Blue Lake Chamber of Commerce; provided an update on planning for Annie & Mary Day.

Ben McCreath- Attended the Blue Lake Fire District meeting; the siren was discussed and the department stated that the siren was important as phones and pagers are unreliable for calls. The fire district meetings start at 5:30PM; need to change the meeting time on the Council Assignment sheet.

Chris Curran- Attended the 5 year RCEA Celebration. Airport Micrograde ribbon cutting in June. Attended the RREDC meeting; three flights have been discontinued from ACV Airport. Looking at bringing on Seattle or Portland flight, and possibly a flight to Alaska.

Alice Finen – The Public Safety Commission meeting was canceled for April.

City Manager Report: Nothing additional to report.

13. Future Agenda Items

- a. DANCO DDA

14. Adjourn at 10:00PM

Motion: To Adjourn the meeting

Motion by: Councilmember Curran; Second: Councilmember Finen

There were no comments from the Council or public.

Vote: Ayes: Jones, Hogan, Curran, McCreath, Finen **Nays:** None **Absent:** None

Motion Summary: Motion Passed